

*Liberal Party (Sask)*  
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# Parliament Buildings Contract

## Statement by Premier Scott

In an Interview with The Leader, Commissioner of Public Works States Grounds upon which Contract was given to P. Lyall and Sons—Architect's Report Precluded any other Course on Part of Government than that Taken.

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The Leader yesterday asked Premier Scott if he had any statement to make about the Legislative Buildings contract.

"In what respect?" he asked. "The award has been made to a firm whose standing and reputation is absolutely beyond question in every way, and at a price roundly \$100,000 below the architect's estimate of cost. What more need be said?"

"It is said that the lowest tender was not accepted and that the local contractors have been unfairly treated," the Leader man stated.

"Who says so?" queried Mr. Scott.

"The Standard."

"Oh," said Mr. Scott, "and is there still anybody so gullible as to pay attention to statements made by that libelous and scandalous sheet? What does the Standard say?"

The article was shown him.

"Yes, yes. Quite a plausible exhibition of pretended indignation indeed," was Mr. Scott's comment. "But do you note that while there are tears and rage in behalf of the local contractors, and a display of pain because of the loss to the Province by passing over the lowest tender,—do you note that Kelly and Sons of Winnipeg are put down by the Standard as the lowest tenderers? According to this article the Winnipeg firm should have the contract. The anguish for local contractors is a pretty thin article, and if I am any judge of character, Mr. Kelly of Winnipeg will not thank the Standard or anybody else for pretending to weep on his account. Of course, in naming Kelly and Sons as the lowest tenderer, the Standard is as accurate as it usually is.

### DOUBTFUL ECONOMY.

"It is true that the contract has not gone to the lowest bidder. We did not require the architect to tell us that it is doubtful economy to accept the lowest tender when the figure is greatly under the Departmental estimate. This Government has had an experience in the Battleford bridge in this regard which has taught us a lesson. The Alberta Government awarded the contract for their Normal School at Calgary below their own estimate; the contractor failed and as a result the building in the end will cost more than the estimate besides the loss by delay. But when we opened the tenders and found that the lowest bid was more than \$200,000 below the estimate we concluded that we ought to consult the architect before deciding the matter and we at once wired him to come. I shall let you have Mr. Maxwell's report. And let me emphasise that I did not select the architect. He was chosen by an absolutely impartial board—a McGill professor and

two eminent American architects—out of a list of seven of the leaders in the profession on this continent. Read his report and then let any man, whether he be partial or impartial, say that I should have been justified in going contrary to his report. Whether I selected him or not, Mr. Maxwell is certainly one of the most eminent architects in Canada. He has had large experience in large buildings, and I am bound to say that I am willing to rely upon his estimate of cost rather than on the opinion of men none of whom ever had to do with building one-quarter the size of this. No, Mr. Maxwell's estimate was not made last week. I had it six weeks ago and gave it out in the Assembly. He re-checked it last week and found it impossible to make any substantial reduction. I have the evidence of other architects and builders. Mr. Storey of Regina, for instance, before he knew anything of the award, told me that the building could not be erected within Mr. Maxwell's estimate. These men may know; I certainly do not know. But with that report on file, what excuse could I offer two years hence if I disregarded it in favor of a local syndicate composed largely of friends, who are both old personal friends and political friends, and in consequence led the Government into trouble similar to what we have had on the Battleford Bridge? This is not a Regina matter; this is a Saskatchewan matter. I am sufficiently a Regina citizen to make it no easy thing for me to even seem to pass over Regina tenderers, all of them first-class men and first-class friends of my own, but in a matter as big as this one the interests of Saskatchewan must take precedence over private friendships. There is the report:

#### MR. MAXWELL'S REPORT.

Regina, June 30, 1908.

Hon. Walter Scott,

Premier and Minister of Public Works, Regina.

Sir,—With reference to the tenders received on the 22nd instant, for the Legislative and Executive Building and Power House, and now receiving consideration, I respectfully beg to state that it is essential that the party to whom the contract is awarded should be a firm of sufficient experience in the erection of large and important monumental structures to ensure its completion strictly in accordance with the high class of work that is demanded by the plans and specifications and in a manner that will be a credit to all concerned.

The quality of work that we will demand in every particular, is such that we fail to find incorporated in any of the structures in this part of the country that we have examined, and my examination has been careful and critical of most of the structures of any importance in your city. In some of them the structural and architectural parts I would class as only fair, while in the majority of cases it would rank as work of very inferior quality indeed and not to be entertained for a moment as fit to enter into your building.

It is most essential that the contractor be particularly well equipped and thoroughly capable in the art of properly cutting and building stone work of a monumental character and only those in whom the principals of the firm have had large experience and a thorough training in this respect, are in my opinion capable of doing full justice to your work.

Another very necessary and most important qualification is that the firm be of sufficient financial standing to carry it through to a successful completion; and in order to do this should have at their command a sum of at least \$450,000. One who is handicapped in this respect may occasion endless delays, lawsuits and losses to the Government, even if the amount of profit in the contract be sufficiently large to handsomely remunerate the contractor, but should the contract be taken at a figure so low as to afford no profit, or that will prove a loss to the contractor, it may be taken as a foregone conclusion that your building will not be carried to completion without endless trouble and a largely increased expenditure over the contract sum.

This is an experience that has happened on more than one occasion on both public and private work, and is an eventuality to be avoided at any cost.

In considering the six tenders received I would recommend that the items quoted on by each contractor be extended so as to cover the erection of the building in Tyndall stone and brick, with the increased boiler capacity, oak finish on all floors, humidification of the atmosphere and temperature regulation included. The firms who tendered, with their respective bids, would accordingly work out as follows:

1. Snyder, Willoughby & Co., \$1,311,000.
2. Smith Bros. & Wilson, \$1,370,396.
3. May Sharp Construction Co., \$1,376,480.
4. P. Lyall & Sons, \$1,424,150.
5. Thos. Kelly & Sons, \$1,429,894.
6. John Quinlan, \$1,583,625.

With reference to the first, a letter accompanied the bid stating who are the individual members who would compose the firm, and that the capital would be \$140,000, which in my opinion is wholly inadequate with which to attempt to execute this contract. With this limitation and the amount of the tender a smaller figure than I consider that it could be executed for, I cannot advise serious consideration of this bid. The plant owned by this firm as far as I can find out, is composed of but a few derficks, etc., and quite insufficient.

As to bid No. 2, the reports on the financial resources of this firm are not such as lead one to believe that they would be able to carry the work to completion without finding themselves in serious trouble, while the amount of the bid is such as to leave but little if any margin over the cost of executing the work. I am also informed that most of the work would be performed by American associates to be specially employed for this undertaking.

As to bid No. 3 I understand that this firm have not complied with the conditions of the tender as to the supplying of an accepted cheque as security for the due execution of a contract. Their tender is therefore in my opinion null and void and out of order and should not be considered inasmuch as it does not fulfill the conditions that all bidders are required to observe.

This leaves bids Nos. 4 and 5 from parties who in my opinion are fully capable of properly carrying out the work in an efficient manner, and all possessed of the necessary plant and financial resources to do it full justice.

On my last visit to your city on May 18th and 19th I handed to your Deputy Commissioner a detailed estimate of what I considered the buildings could be erected for, made from carefully prepared quantities, taken off for each trade, and priced at reasonably low figures, such as are prevalent at the present time. This estimate amounted to \$1,493,260 exclusive of the cost of the larger boiler plant, oak finish, humidification and temperature control, these latter items being worth in the neighborhood of \$25,000.

In comparison with my estimate as above it is quite evident that bid No. 4 of \$1,424,150 is a reasonable one and I doubt if the work could be carried to completion and receive full justice for a less figure.

It is well known that the prices prevailing today for labor and material are considerably lower than they were nine months or a year ago, but there is no assurance that they are going to remain at this low level, and with the returning flow of prosperity that appears imminent the probability is that there will be a quick advance to the former high prices, so that it is very essential that your contractor be a man of sufficient financial ability to stand this impending increase and consequent diminution in the profit on the work.

In Messrs. P. Lyall & Sons you have every reasonable assurance that if awarded the contract they will complete it in a creditable and satisfactory manner.

With reference to bid No. 5 from Kelly & Sons, I have noted that they write several days after the tenders are in stating that they had made an error in their calculations of \$125,844 and that their bid should be reduced by this amount which would bring it \$6,950 below the bid of Messrs. Snyder Bros. & Willoughby, making it the lowest tender received. This error occurred by including the work below grade 103 in the price for work above grade 103, while it is distinctly stated that these works shall be kept separate and distinct as to price.

This explanation of Messrs. Kelly & Sons should not be considered as it would be an injustice to allow any bidder to change his figures after he had an opportunity of conferring with his competitors and probably comparing figures with them.

The whole respectfully submitted.

(Signed), EDWARD MAXWELL.

#### GROUND OF ARCHITECT'S DECISION.

"As to the confidential financial reports," Mr. Scott continued, "I do not think that they contain anything that any one of the tenderers could wish to conceal, but I do not feel free to make their details public. Every bidder was reported to us as reliable and in excellent financial standing; but not all were reported as strong enough for this contract. Before we received the tenders I had the Deputy Commissioner prepare an estimate of the necessary capital. His estimate exceeded \$400,000. Mr. Maxwell's—made quite independently—was \$450,000. The syndicate making the lowest bid only proposed to put in \$140,000, which was a factor leading the architect to question their comprehension of the magnitude of the work. His decision against the lowest tender was based upon three grounds. 1. The work could not be performed for the amount; 2. The proposed capital was less than one-third that required; and 3. The class of work heretofore performed by the bidders was not good enough for our building. These were not the Government opinions; but they were opinions which the government could not overlook.

"I see the article alleges that rumor had it beforehand that Lyall would get the contract. Rumor is hard to keep track of, but I venture to say that in this case no such rumor existed. The assertion that the plans were in Winnipeg before local contractors could get them is a falsehood pure and simple. The insinuation that the architects and Lyalls have been working together is, to the best of my knowledge, equally false. I have facts which convince me that the contrary is the case. As to employment of local sub-contractors, I am in a position to state that both local labor and local sub-contractors will fare quite as well with the Lyalls as with any other contractor. Lyall & Sons have not arranged to give a single sub-contract outside the Province, and in all probability they will arrange for the manufacture of all the brick right here. In this respect the Government will retain by the contract certain powers.

"The suggestion that there would have been no complaint if we had awarded the contract to the Lyalls without tender is simply nonsense. By the method followed we certainly obtained the keenest kind of competition, and we certainly have obtained a price impossible to obtain without competition from any firm of practical builders who know what first-class work is and who intend giving the Province the building according to specifications. As a rule the difficulty is to get bids not alone within but anywhere near the estimate. I am sure that the verdict of impartial men will be that we are fortunate indeed both in the contractor and in the price."